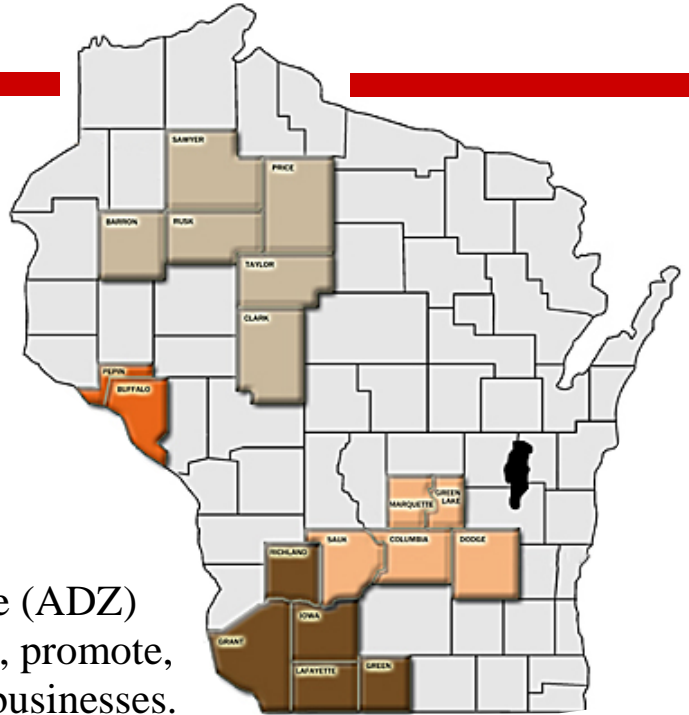
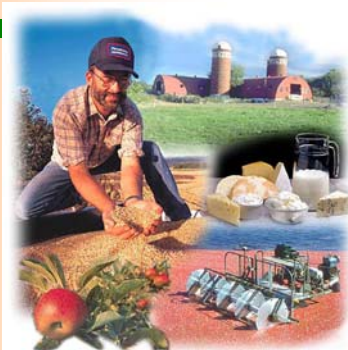


# AGRICULTURAL DEVELOPMENT ZONE PROGRAM



Wisconsin's Agricultural Development Zone (ADZ) Program has been established to help attract, promote, retain and encourage the expansion of agri-businesses.

The program is designed to assist Wisconsin in strengthening its prominent position in the agricultural industry and in agricultural processing production. If your business is located in one of Wisconsin's ADZ regions shown on the map, or if you anticipate locating in one of the regions, you may be eligible for tax credits that you can apply against your Wisconsin income tax liability. These credits are based on the number of new jobs that you create, the wage level and benefit package that you offer. You may also be eligible for a 3% capital investment credit for real and personal property and a credit equal to 50% of your eligible environmental remediation costs.

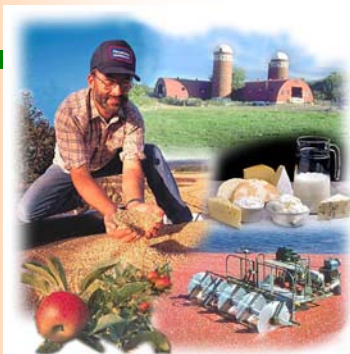


Such a cluster includes, but is not limited to, the growing of foods and the processing of agricultural

## **Q:** What businesses are eligible for ADZ tax credits?

Agricultural businesses are those that are part of an agricultural business/food processing cluster.

products. Agricultural business includes all of the activities or operations that are involved in the growth, production, processing, manufacturing, distribution, and wholesale and retail sales of agricultural and food products.



## Q: Can you tell me exactly how much my tax credits will be?

Capital investment and environmental remediation credits will be directly linked to the

amount of investment or remediation costs involved.

Allocations related to job creation will be based on the number of jobs to be created/retained and on the anticipated rate of pay for the positions

you plan to create/retain.

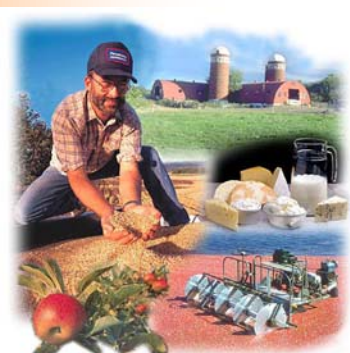
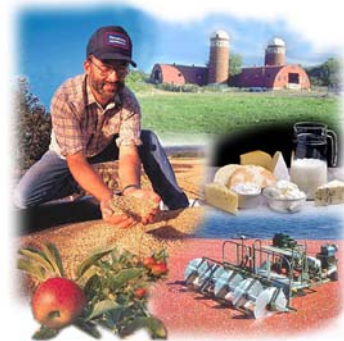
The actual credits that you will be able to apply against your tax liability depend on several factors, including the number of full-time positions that you create and fill, and their corresponding wages and benefits. In most cases, businesses are allocated \$5,000 per job created/retained, depending on the pay rate.

## Q: What expenditures are eligible as "capital investments"?

Eligible investment expenses include: (1) The purchase price of depreciable, tangible personal property; and (2) the amount expended to acquire, construct, rehabilitate, remodel or repair real property. These expenses must be incurred by the business itself. You may claim credits in the year the expenses are incurred for the purchase

of equipment and acquisition of a new building.

Expenses for construction and rehabilitation may be claimed in the year that the building or area is placed into service.



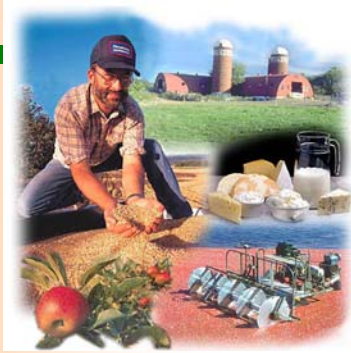
## Q: What is your definition of "environmental remediation"?

Environmental remediation means:

(1) Removal or containment of

environmental pollution; (2) restoration of soil or groundwater that is affected by environmental pollution in a brownfield; and (3) investigation, unless the investigation determines that remediation is required and that remediation is not undertaken.

A business may claim environmental remediation credits in the fiscal year the eligible remediation expenses were incurred. The business must begin the removal, containment or restoration after the business is certified in the ADZ program. However, planning and investigation may be done before the business is certified, and credits for those expenses may be claimed after certification, regardless of whether or not they occurred in that fiscal year.



## Q: What qualifies as "environmental pollution"?

**Environmental pollution** means contaminating or rendering unclean or impure the air, land, or

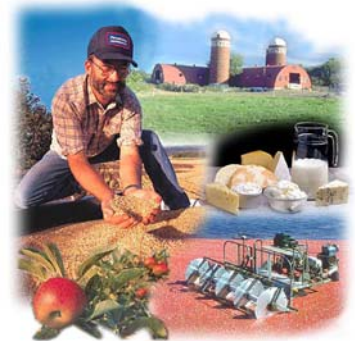
waters of the development zone, or making it injurious to public health, harmful for commercial or

recreational use, or deleterious to fish, bird, animal, or plant life.

**Brownfield** means an industrial or commercial facility, the expansion or redevelopment of which is complicated by environmental contamination.

## Q: Are there restrictions on who I can hire?

Only full-time jobs that are filled by Wisconsin residents are eligible for tax credits. Program guidelines call for roughly one-fourth of your new positions to be filled by members of specific target groups.



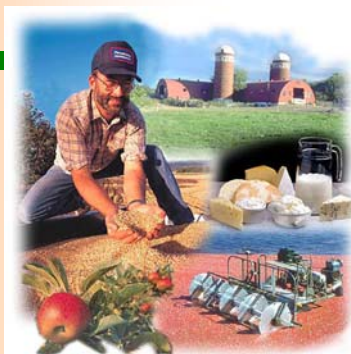
## Q: Who are members of these eligible target groups?

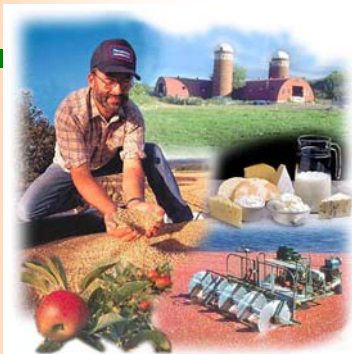
Target groups include workers unemployed as a result of a plant closing or layoff, referrals from vocational

rehabilitation programs, youths from low-income families, W2 participants and economically-

disadvantaged veterans and ex-felons.

◆ **For detailed definitions of the various target groups, check our website at:**  
<http://www.commerce.wi.gov/CD/CD-bed-edz-jobs-tax-credits.html>





## Q: How do I find target group members to hire?

Local employment and training service providers and Department of Commerce Development

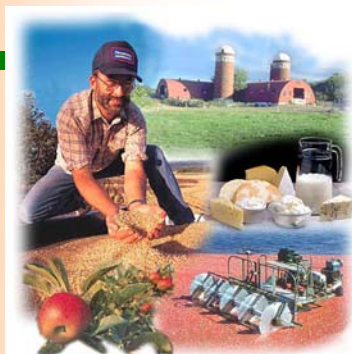
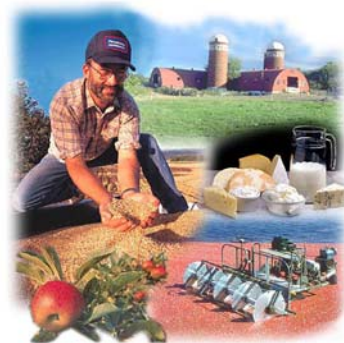
Zone staff can help you identify qualified employees who are also members of target groups. The

Department of Workforce Development (Wisconsin Job Service/Job Center) must certify eligible targeted employees.

♦ **Your business will be charged a \$50 fee for each new employee who is certified as a target group member.**

## Q: What if I can't find enough target group members to hire?

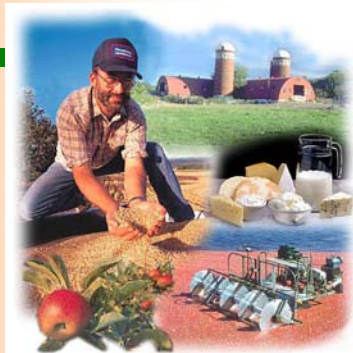
While hiring targeted workers is a major goal of the Agricultural Development Zone Program, we recognize that factors outside the employer's control can make it difficult to reach the one-in-four level. When this happens, the Department may grant a waiver if you can show that you've made a good-faith effort to identify, recruit and hire members of target groups.



## Q: My business is new and won't generate much tax liability in the first few years. Why should I consider your program?

While your current tax situation may prevent you from utilizing the tax credits initially, you actually have 15 years from the time the credits are earned in which to apply them against your Wisconsin income tax obligation.





## Q: Assuming that I meet or exceed my projections, when can I start collecting my tax credits?

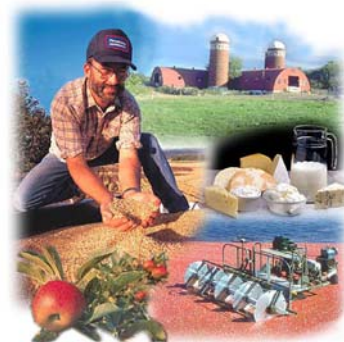
The Department of Commerce normally distributes your allocated tax benefits over multiple tax years. If job creation takes place on about the same schedule you originally projected, you can expect to receive 25% of the tax benefits after the first year and another 25% after the second year. The final 50% of the credits are held until the third year to ensure that you reach

your projections for job creation and target group hires. If the actual number of jobs that you create does not meet the original projections, adjustments will be made to your total tax package.

Credits not related to job creation (capital investment/environmental remediation) may be claimed for the tax year in which they take place.

## Q: Will I have to jump through a lot of bureaucratic hoops once I'm a certified ADZ business?

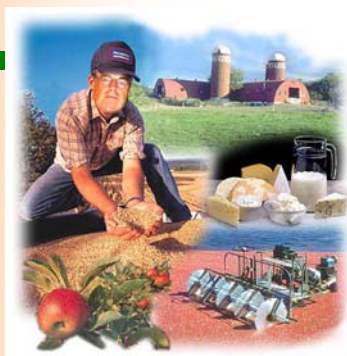
We ask each business in the program to complete and submit an Annual Project Report. This two-page report includes a summary of your business activities for the past fiscal year, information on new investments, jobs created, anticipated hiring/acquisition plans for the coming year and payroll



## Q: It sounds like my business could benefit from your program. How do I get started?

The first step is to contact the appropriate Agricultural Development Zone Coordinator (**Page 6**).

- ◆ The coordinator will meet with you to discuss and evaluate your project and to answer any questions you may have.
- ◆ The local coordinator will assist you in filling out an application and submitting it to the Department of Commerce. Commerce staff will review your application and make a final recommendation to the Department Secretary.
- ◆ Once your project is approved, you will receive a certification form detailing your tax credit allocation.



**Q:** Your program seems pretty straightforward, but where do we go if our executives, accountants or HR people have questions?

Start with a call to your local Agricultural Development Zone Coordinator. This is the person who is closest to your business and should be able to provide you with a quick answer. Or you can contact the Bureau of Enterprise Development staff directly. You'll find names, phone and fax numbers and e-mail addresses below. And, of course, there's the Internet. The following links can be found at the ADZ website at <http://www.commerce.wi.gov/CD/CD-bed-az-general.html>

- ◆ **Target groups:** Including detailed definitions of eligible target groups, our recommended screening questionnaire for identifying target group members and the state tax credit voucher.
  - ◆ **Materials for verifying tax credits:** Including the Annual project Report and the Department of Revenue's form that will be used to claim ADZ credits.
  - ◆ **Map of ADZ regions:** Including names, addresses, phone and fax numbers and e-mail links for local zone contacts.
  - ◆ **Bureau of Enterprise Development staff:** Including phone and fax numbers and e-mail links.
  - ◆ **Federal Tax Credit programs:** Including detailed definitions of eligible target groups for the Work Opportunity Tax Credit and Welfare to Work tax credit programs, how to get your employees certified and appropriate federal forms (IRS 8850, ETA-9061).
  - ◆ **Advance Earned Income Credit:** Including an explanation of tax benefits available for your employees, IRS Form W-5 and instructions.
  - ◆ **Other helpful sites:**
    - Division of Vocational Rehabilitation (a good source for targeted workers)  
<http://www.dwd.state.wi.us/dvr/>
    - Wisconsin Job Center Directory  
<http://www.dwd.state.wi.us/dws/directory/>
    - Wisconsin Department of Revenue  
<http://www.dor.state.wi.us/>
- For information about other Wisconsin Department of Commerce programs, start at the Commerce home page, <http://www.commerce.wi.gov/>

### ADZ REGIONAL COORDINATORS

ADZ REGION	COORDINATOR	E-MAIL	PHONE	FAX
Central Mississippi	Terry J. Mesch	<a href="mailto:info@co.pepin.wi.us">info@co.pepin.wi.us</a>	715/672-5709	715/672-8677
North Central Six	Arlen Albrecht	<a href="mailto:arlen.albrecht@ces.uwex.edu">arlen.albrecht@ces.uwex.edu</a>	715/748-3327	715/748-9772
South Central	Nancy Elsing	<a href="mailto:ccedc@palacenet.net">ccedc@palacenet.net</a>	608/742-6161	715/742-9862
Southwestern	Ron Brisbois	<a href="mailto:gcedc@grantcounty.org">gcedc@grantcounty.org</a>	608/822-3501	608/822-6019

### DEPARTMENT of COMMERCE STAFF

Peggy Burke, Development Zone Specialist	<a href="mailto:pburke@commerce.state.wi.us">pburke@commerce.state.wi.us</a>	608/266-3751
Development Zone Fax		608/261-0469